

# Public Funding Observatory Report 2019/20

**February 2020**

Enora Bennetot Pruvot, Thomas Estermann, Veronika Kupriyanova

# Contents

Introduction	<a href="#">4</a>
Structure of the report	<a href="#">5</a>
1. Evolution of public funding to universities (2008-2018)	<a href="#">6</a>
1.1 Long-term funding trends	<a href="#">7</a>
1.1.1 Sustained growing patterns	<a href="#">8</a>
1.1.2 Improving patterns	<a href="#">9</a>
1.1.3 Decline	<a href="#">11</a>
1.2 Recovery under way?	<a href="#">13</a>
1.3 Average annual funding change in 2008-2018	<a href="#">14</a>
1.4 Evolution of public funding to universities against student enrolment	<a href="#">15</a>
1.4.1 Systems with increasing funding	<a href="#">16</a>
1.4.2 Systems with declining funding	<a href="#">17</a>
1.4.3 Long-term financial and demographic pressures	<a href="#">18</a>
1.5 Public funding to universities and GDP growth	<a href="#">19</a>



# Contents

1.5.1 Systems investing in universities	<a href="#">20</a>
1.5.2 Systems disinvesting in universities	<a href="#">21</a>
1.6 Long-term developments in university staff	<a href="#">22</a>
1.7 Staff numbers against public funding	<a href="#">23</a>
2. Short-term trends in funding to universities	<a href="#">24</a>
2.1 Topics for discussion and reform in 2019	<a href="#">25</a>
2.2 Public investment in universities in 2019	<a href="#">26</a>
2.3 Evolution of public funding to universities in 2017-2018	<a href="#">27</a>
2.4 Short-term funding trends	<a href="#">28</a>
2.5 Impacted areas	<a href="#">29</a>
2.6 Funding mix: public vs private funding to universities	<a href="#">30</a>
2.7 Finances and rules of future EU funding programmes	<a href="#">31</a>
Key messages	<a href="#">32</a>
Higher education systems codes	<a href="#">34</a>
Resources	<a href="#">35</a>



# Introduction

This year marks the tenth anniversary of the EUA Public Funding Observatory (PFO).

EUA released its first analysis of public funding trends and the impact of the financial crisis on higher education back in 2010. Since then EUA has expanded and further enriched the Observatory data with some key figures for economic growth, students and staff. Most recently, data on funding sources has been added to provide further contextual information for the interpretation of public funding trends.

This is the tenth edition of the Public Funding Observatory Report. It presents the dataset capturing public funding developments in Europe over the last decade (2008-2018).

PFO's success has been largely due to EUA's longstanding cooperation with its collective members. National university associations provide EUA with the most recent quantitative and qualitative funding data for analysis and publication every year.



# Structure of the report

The [EUA Public Funding Observatory](#) (PFO) consists of the following parts:

- The EUA Public Funding Observatory Report 2019
- Individual country sheets for 34 systems across Europe
- The online tool containing the full dataset on public funding to universities in Europe
- The methodological note offering more details about the data sample and the research method.

This year's PFO report consists of two parts. The first part analyses long-term funding trends captured over the period 2008-2018. The second part presents the overview of the latest public funding developments in 2018 and 2019.

The 2019 PFO report features 34 higher education systems, including one new system (Romania). Data for various higher education systems within the UK (England, Northern Ireland, Scotland and Wales) are reported separately.



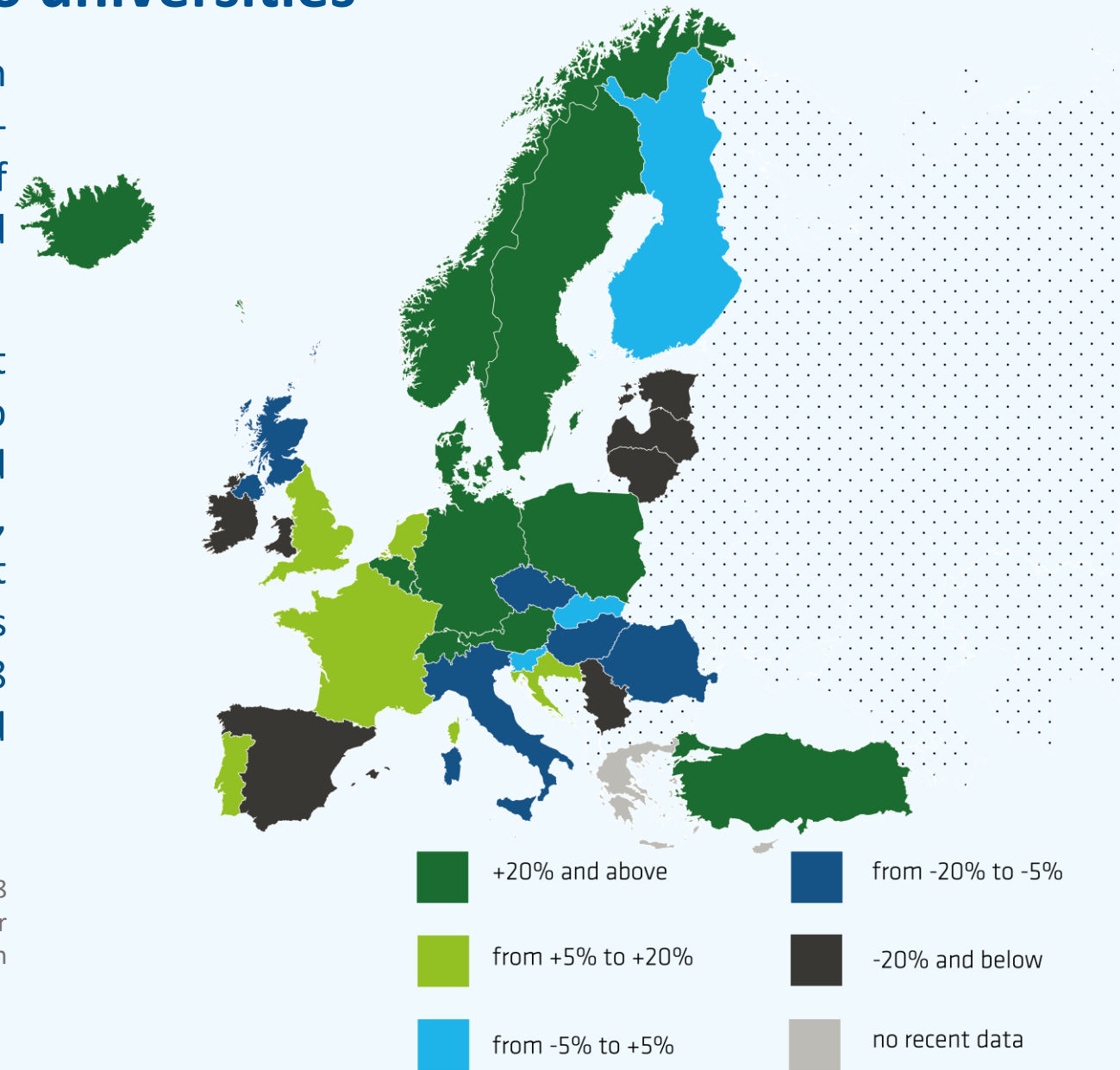
# Part 1 Evolution of public funding to universities

This chapter outlines long-term developments in public funding to universities across Europe in 2008-2018. These trends are contextualized against a set of key factors, such as student enrolment, inflation and economic growth.

Several systems visibly consolidated their investment effort in the long run. Iceland now reached the top category (over 20% investment). Others recorded further consolidation (Belgium-Flanders, Luxembourg, Poland and Sweden) or made significant improvements (Croatia, Slovenia). Several systems reduced the funding gap accumulated since 2008 (Czech Republic, Hungary, Ireland, Lithuania and Romania).

## How to read this graph:

The map shows the inflation-adjusted change in public funding to universities in 2018 compared to 2008. Different colour codes refer to different levels of investment or decrease. Top investors appear in dark green. Countries with biggest decrease in funding in 2018 compared to the base year appear in black.

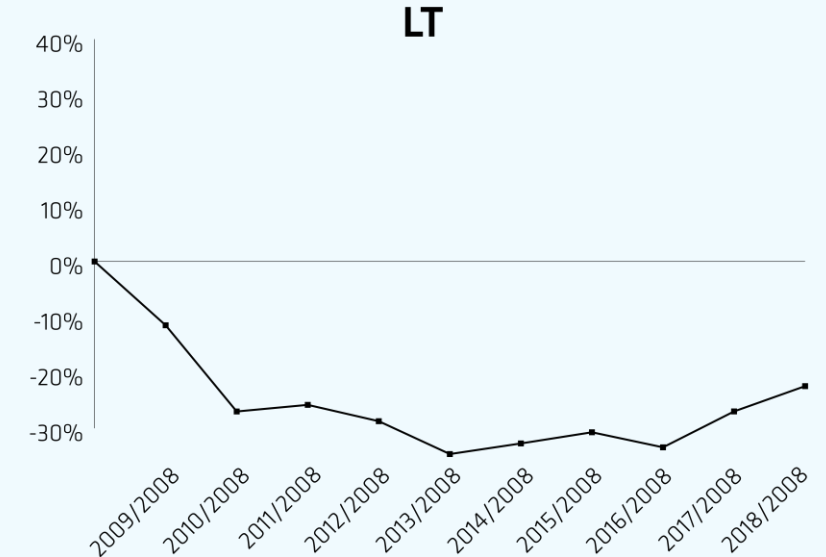
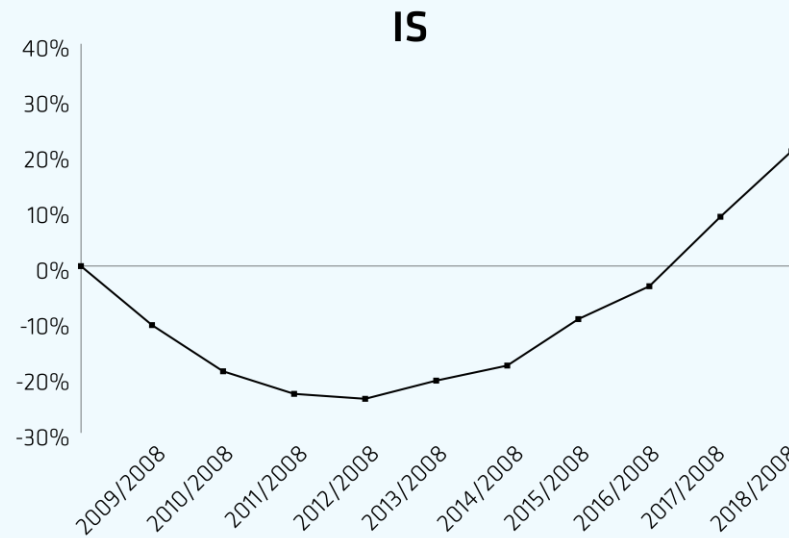
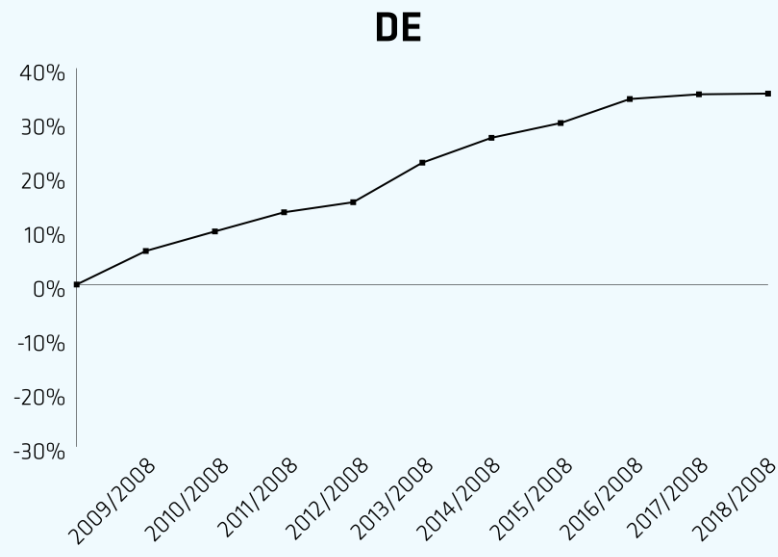


# 1.1 Long-term funding trends

The higher education systems under review followed various funding trajectories in 2008-2018. Several broad groups of systems with similar patterns such as “sustained growth”, “decline” and “improving patterns” can be identified.

This categorisation is relative since there could be significant variations across different countries and at different points in time.

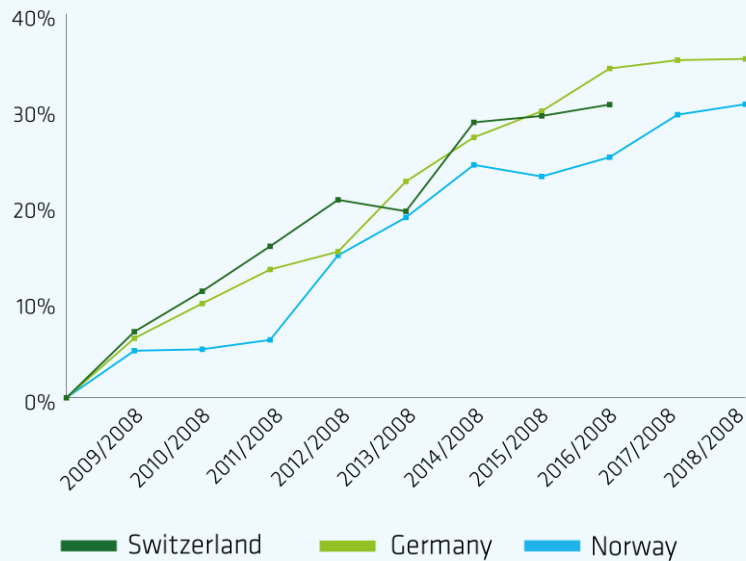
The graphs describe the evolution in three cases since 2008 and illustrate the identified trends in Germany (“sustained growth”), Iceland (“improving patterns”) and Lithuania (“decline”).



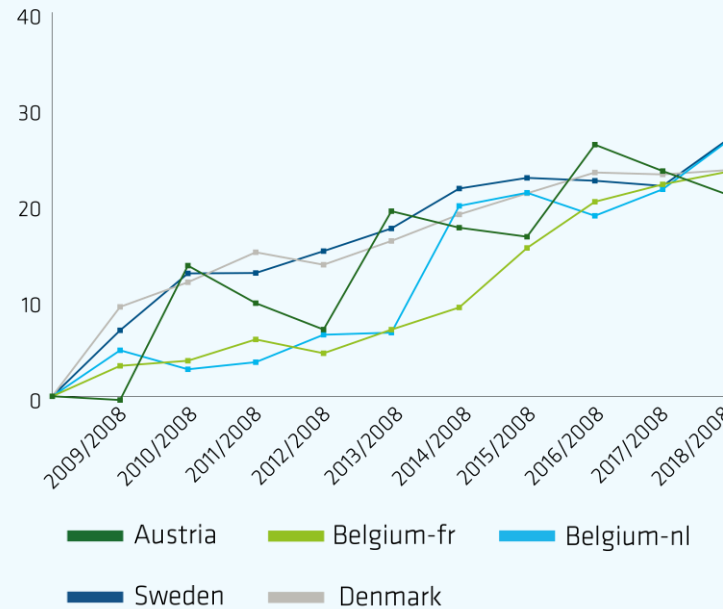
# 1.1.1 Sustained growing patterns

The group of top performing higher education systems with sustainable long-term funding growth has remained unchanged this year:

- Germany, Norway and Switzerland\* made the largest investments (above 30%) over the last decade.
- Austria, Belgium (both systems), Denmark and Sweden increased their funding for universities by over 20%.
- France and the Netherlands featured more limited, but relatively stable levels of investment.
- Luxembourg and Turkey are outliers with the overall increase of 116% (LU, 2009-2018) and 61% (TR, 2008-2018).



\*Shorter timeframe is used for Switzerland.

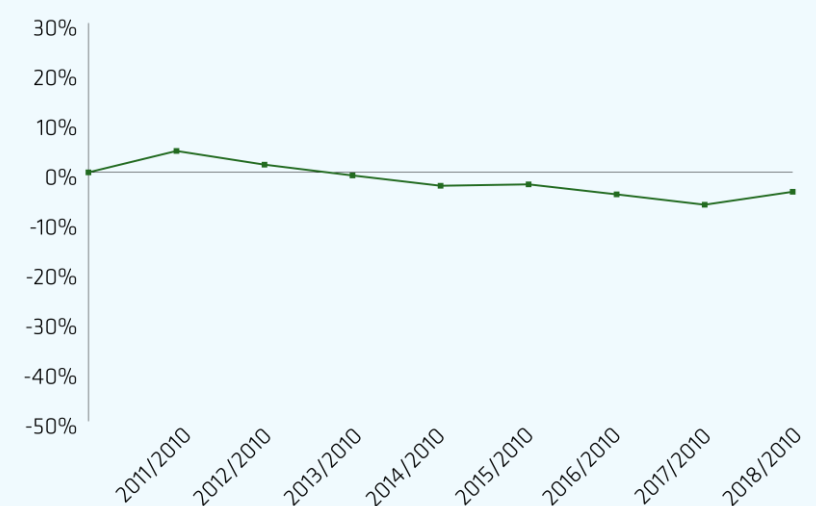
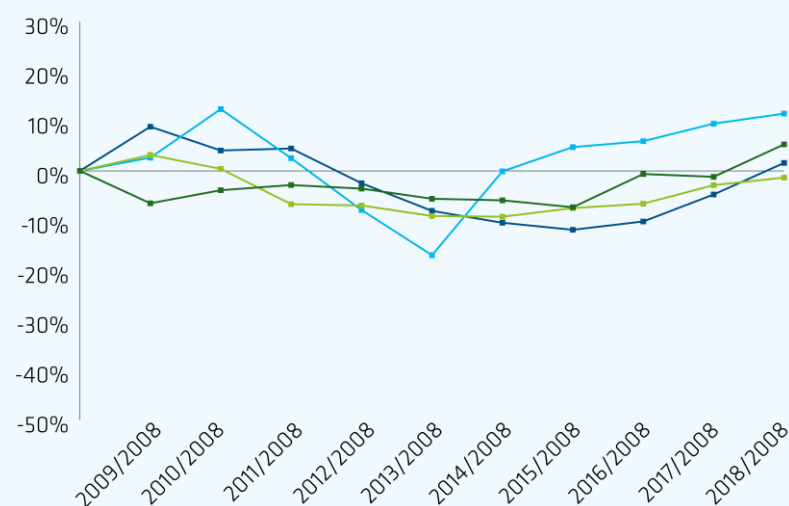




## 1.1.2 Improving patterns (1)

Several systems recover from earlier cuts in the long run, although the degree of recovery significantly varies across the sample.

- For three consecutive years, Iceland has been largely re-investing in its universities and remains the top performer of this group together with Poland, which has been increasing its funding since 2013.
- Croatia, Portugal and Slovenia offset their earlier cuts and Slovakia is on its way to reach that point. In Portugal, the funding increase was used to cover rising staff salaries and social contributions.
- Shown separately due to a different funding period (2010-2018), Finland has lately demonstrated some early signs of recovery on top of its flat pattern.



Iceland Poland

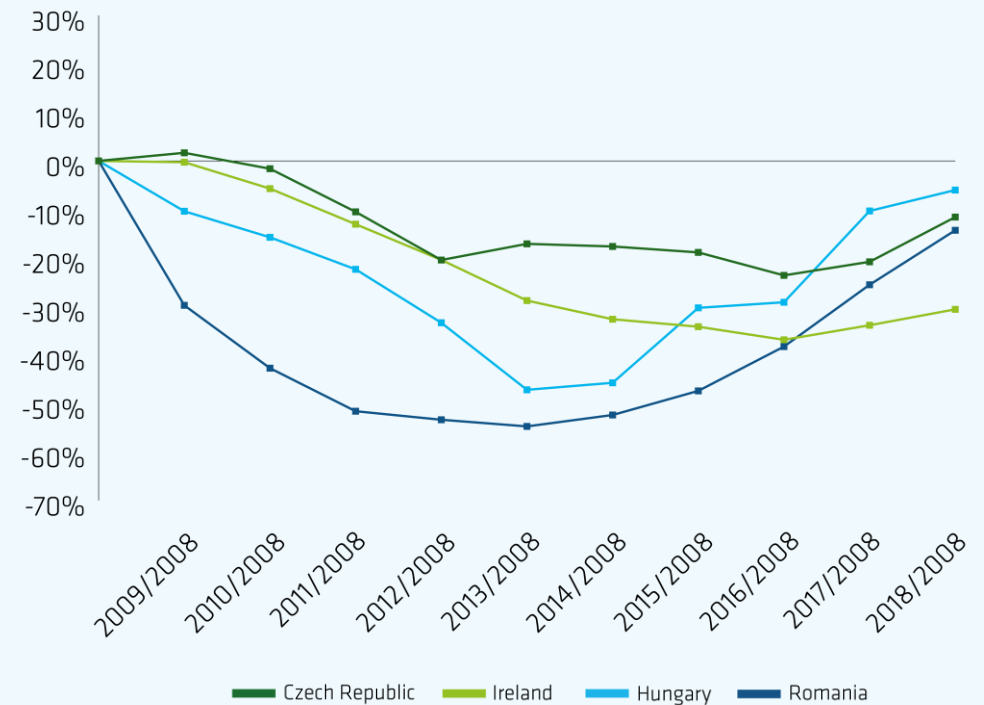
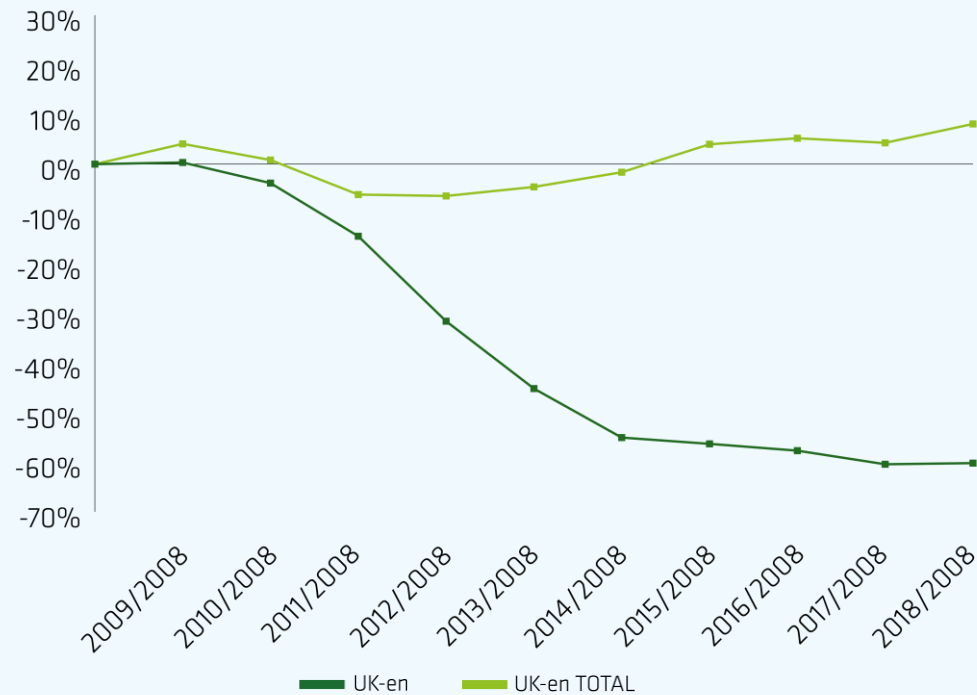
Croatia Slovakia Portugal Slovenia

Finland

## 1.1.2 Improving patterns (2)

In England, a 60% decrease in direct public funding is compensated by a larger growth of public funding allocated to HEIs for students loans following the change in the funding model.

Czech Republic and Romania are new systems in the improving group. Together with Hungary and Ireland, these systems started making re-investments in 2017 and 2018, but still remain below the investment level in 2008.



### How to read this graph:

"UK-en" shows *direct* public funding to English higher education institutions.

"UK-en TOTAL" shows direct public funding combined with public subsidies for student loans received by English higher education institutions.

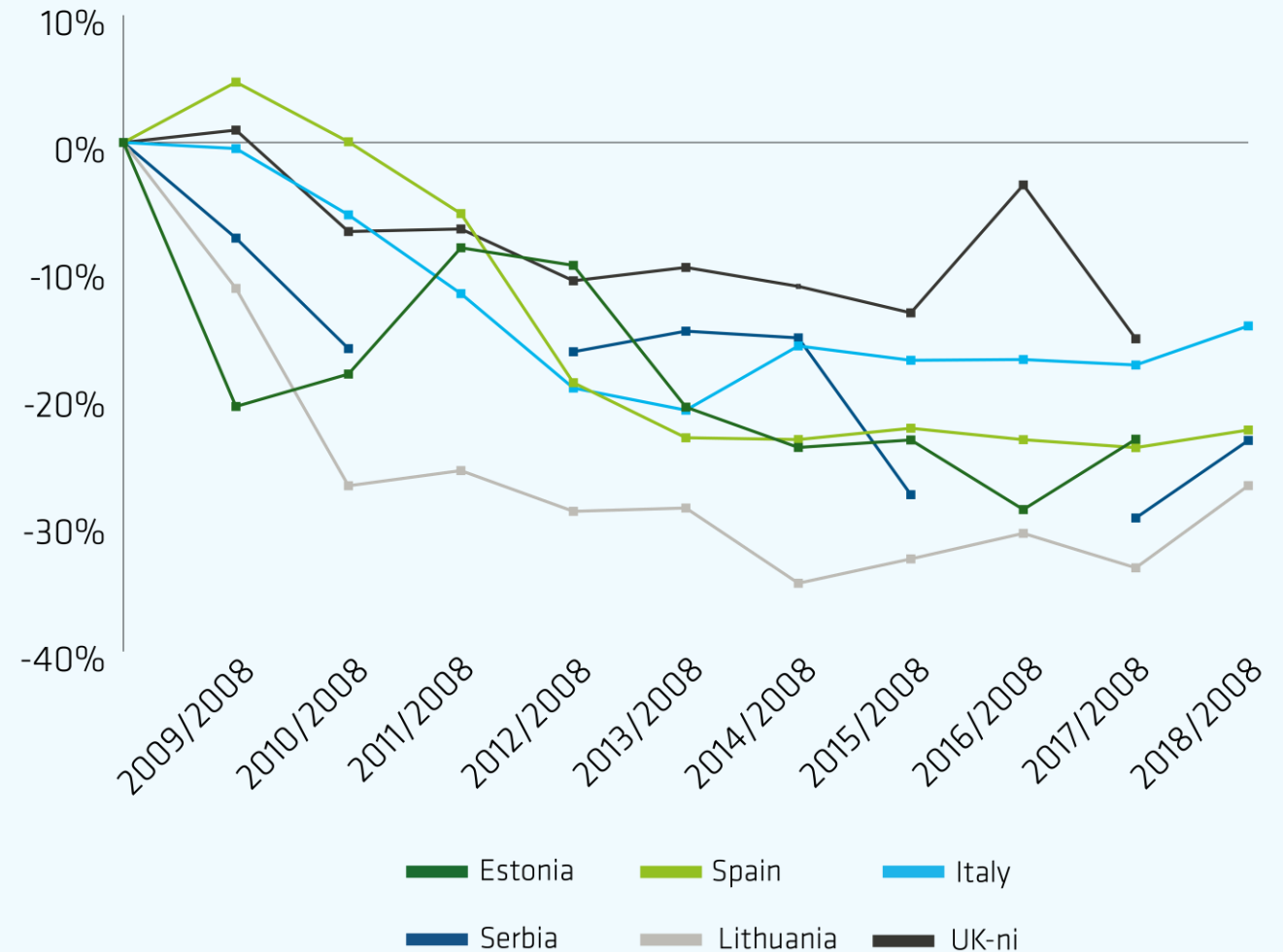
## 1.1.3 Decline (1)

Several higher education systems accumulated large funding gaps in 2008-2018.

While there were some ad hoc improvements in Estonia and Spain, these countries are still quite far from offsetting their previous cuts.

Some positive signs can be seen in Italy, which could potentially move into the recovery group provided the country's investment effort is further consolidated in the next years.

Despite a substantial increase in public funding allocated to higher education institutions in Northern Ireland for student loans, the *total* public funding declined significantly in 2008-2017 as a result of a 31% decrease in *direct* public funding for universities.



### How to read this graph:

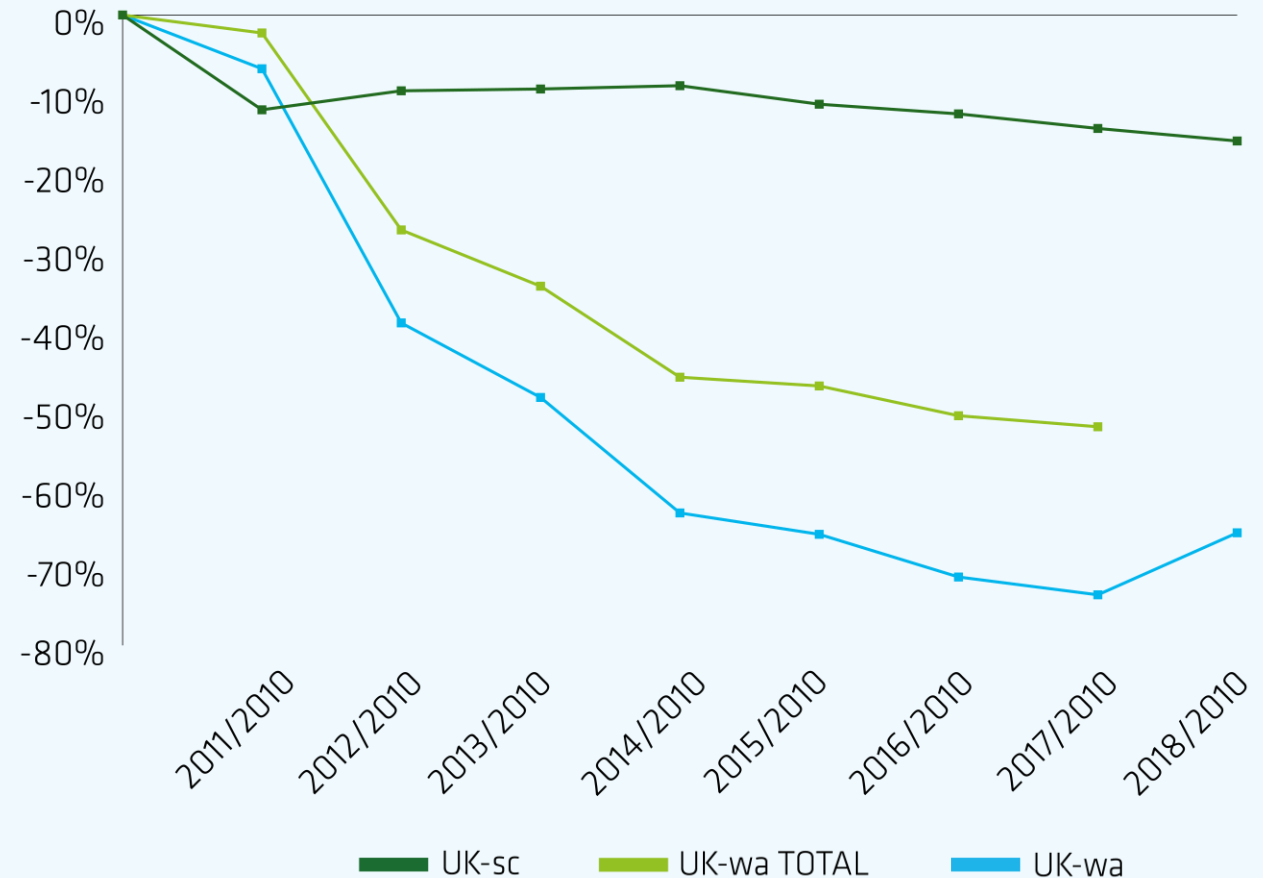
This graph shows the funding decline in six systems in 2018 compared to 2008. A shorter timeframe is used for UK-ni (2008-2017). Public funding data for Serbia is missing for two years (2011 and 2016).

## 1.1.3 Decline (2)

Public funding for universities in Scotland gradually decreased during the period 2010-2018.

While public subsidies allocated to Welsh higher education institutions for student loans have been growing since 2010 following reforms to student funding, *direct* public funding has been dramatically going down.

As a result, there was a significant decline in *total* public funding to Welsh higher education institutions during the period 2010-2017.



### How to read this graph:

This graph shows the funding decline in two systems in 2018 compared to 2010.

“UK-wa” refers to *direct* public funding to Welsh higher education institutions.

“UK-wa TOTAL” shows direct public funding combined with public subsidies for student loans received by Welsh higher education institutions. The *total* data is only available for the period 2010-2017.

## 1.2 Recovery under way?

This graph shows the yearly changes in the number of systems cutting or increasing funding for universities in the period from 2008 to 2018 (reference year: 2008).

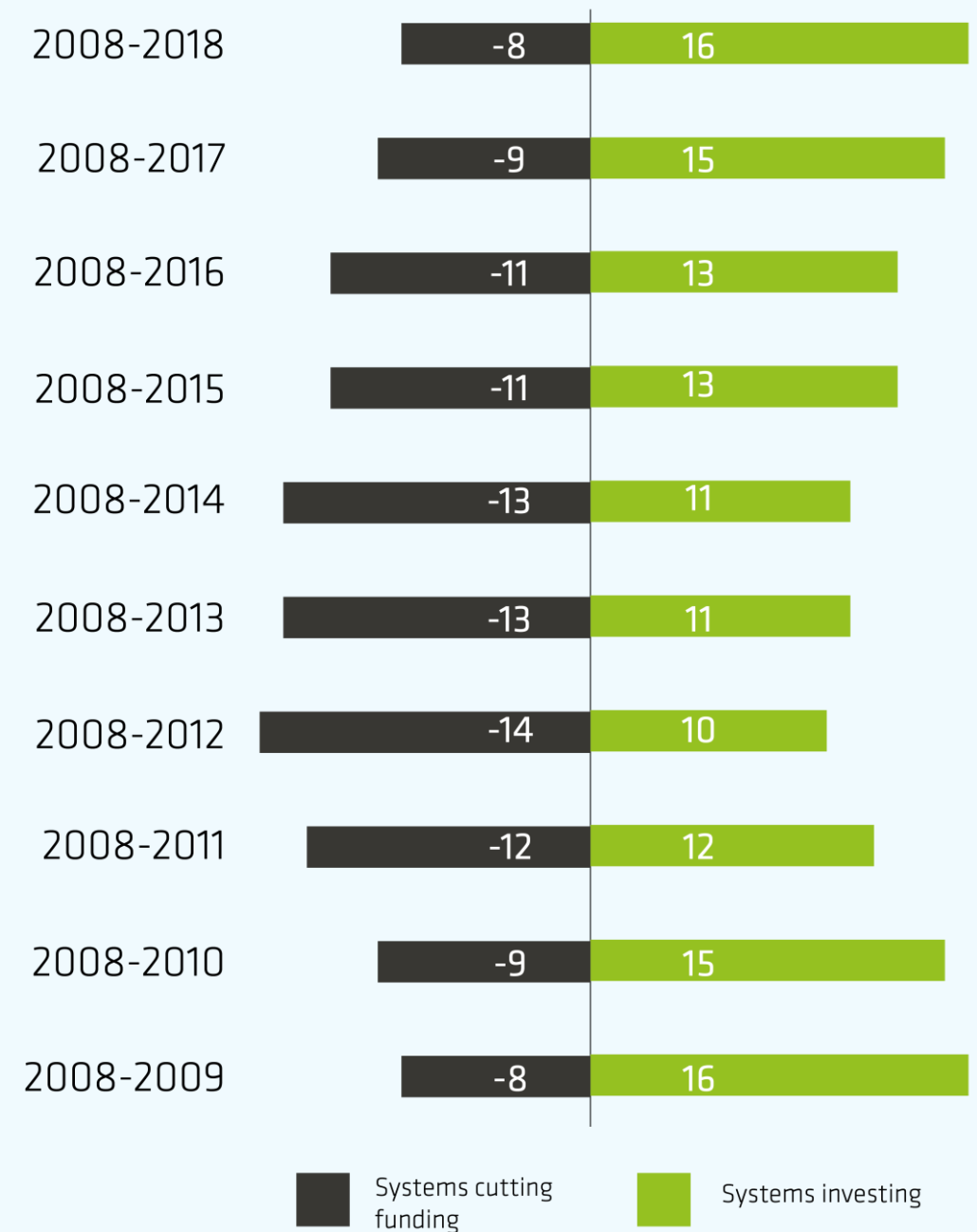
The 2018 data confirms the signs of the gradual improvement of public funding for universities in Europe since 2015, detected in our previous report.

In 2018, only 8 systems applied funding cuts which is comparable to the 2008 level.

Some of the recently improving systems include Iceland and Slovenia which closed their funding gaps in 2017 and 2018, respectively. Slovakia has also nearly reached its 2008 level of funding.

### How to read this graph:

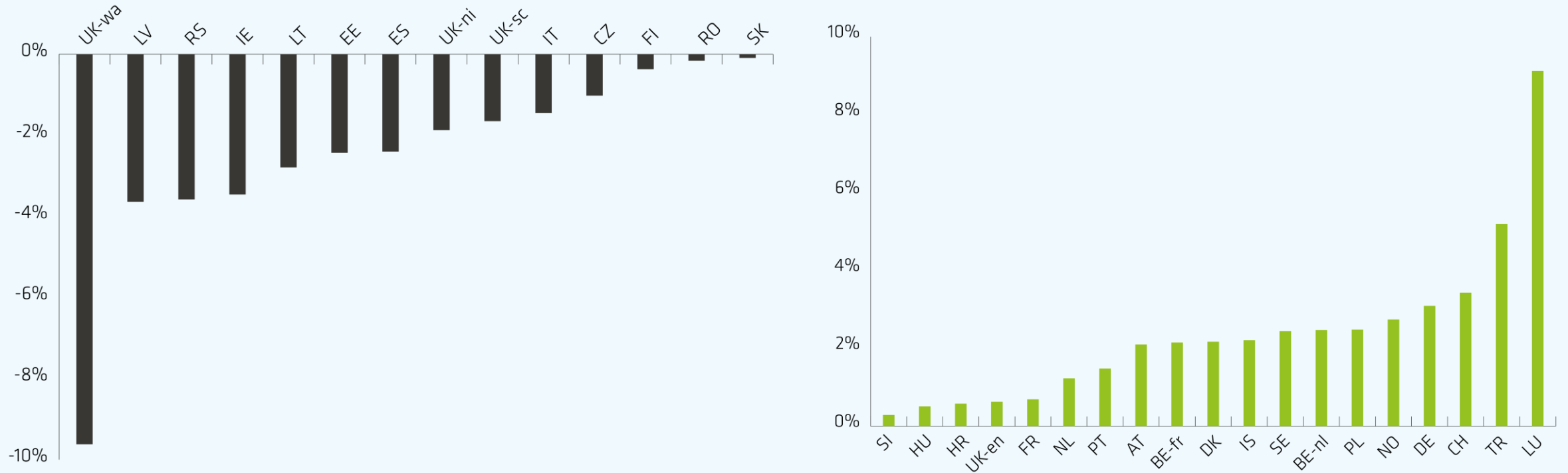
The graph includes 24 systems with a complete funding dataset for 2008-2018. The following systems are excluded from the analysis because of the incomplete dataset: CH, EE, FI, GR, LU, LV, RS, UK-ni, UK-sc, UK-wa.



# 1.3 Average annual funding change in 2008-2018

The average annual funding change in real terms significantly differed across 33 systems in 2008-2018. Luxembourg is on top of the sample with a nearly 10% average annual increase, whereas Wales is subject to a negative trend of the same magnitude.

In total, 14 systems have negative average annual values and 19 systems have positive values. In 10 systems, the average annual funding change remained flat (between -1% and +1%).



**How to read this graph:**

These graphs show the annual funding change (positive or negative) in real terms averaged over the period 2008-2018. Shorter timeframes are used for EE (2008-2017), CH (2008-2016), FI (2010-2018), LU (2009-2018), LV (2008-2017), EN-ni (2008-2017) and EN-wa (2010-2017).

## 1.4 Evolution of public funding to universities against student enrolment

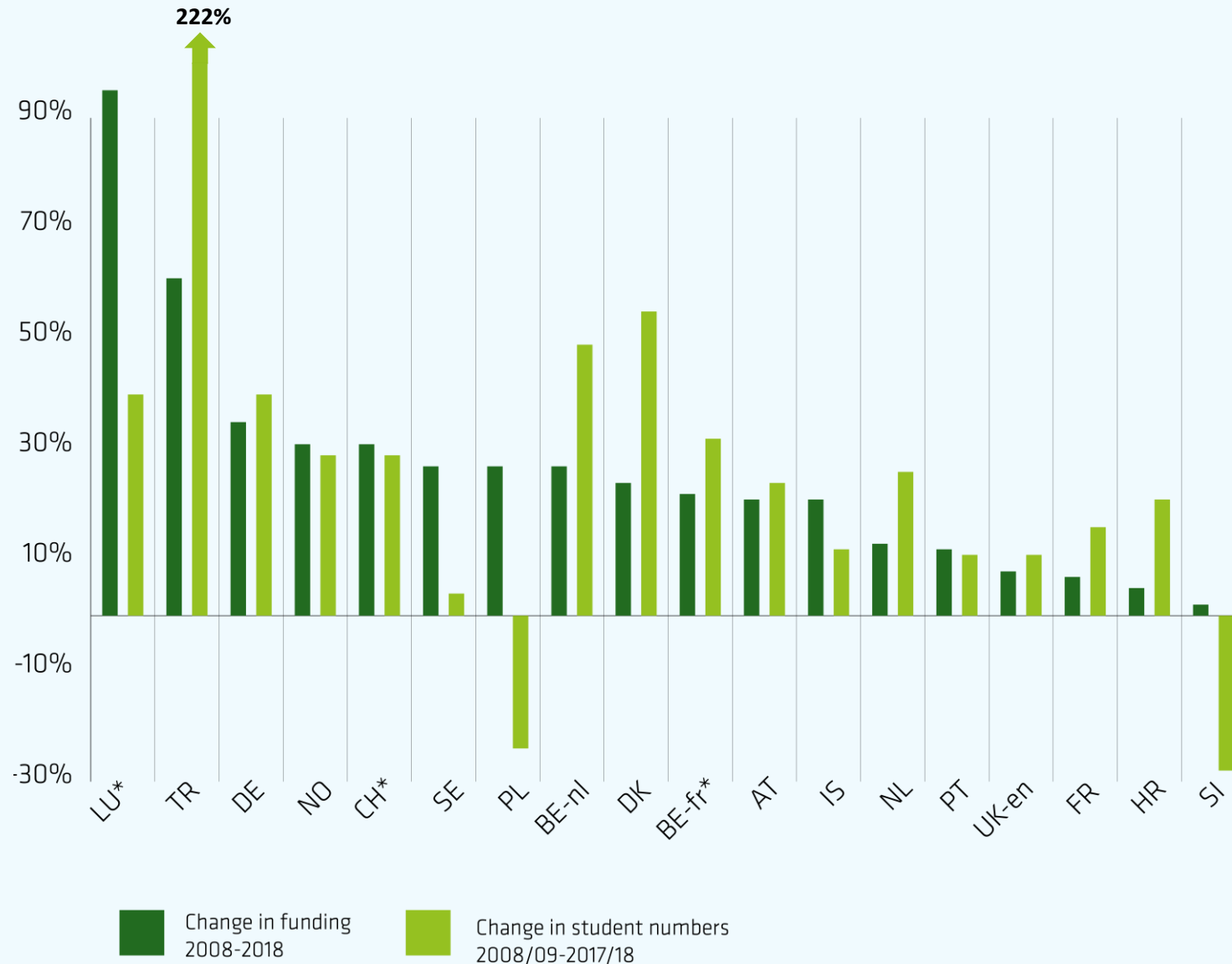


The long-term public funding trends in various higher education systems need to be further contextualised in terms of changes in student numbers and economic growth.

Given the scope of data collected, it is neither possible nor aimed for to establish a direct relationship between public funding and student numbers at the system level. Yet considering these two factors together helps better understand the pressure universities face in a given system.

EUA performed the analysis for 33 systems with complete funding and student numbers datasets. The sample is divided into two groups, capturing positive and negative trends for these systems.

## 1.4.1 Systems with increasing funding



Looking at changes in funding and student numbers for systems where public funding in 2018 was higher than in 2008\*, a major distinction can be made between:

- 8 systems where funding growth is superior to student enrolment growth.
- 10 systems where the demographic pressure is not met by sufficient investment.

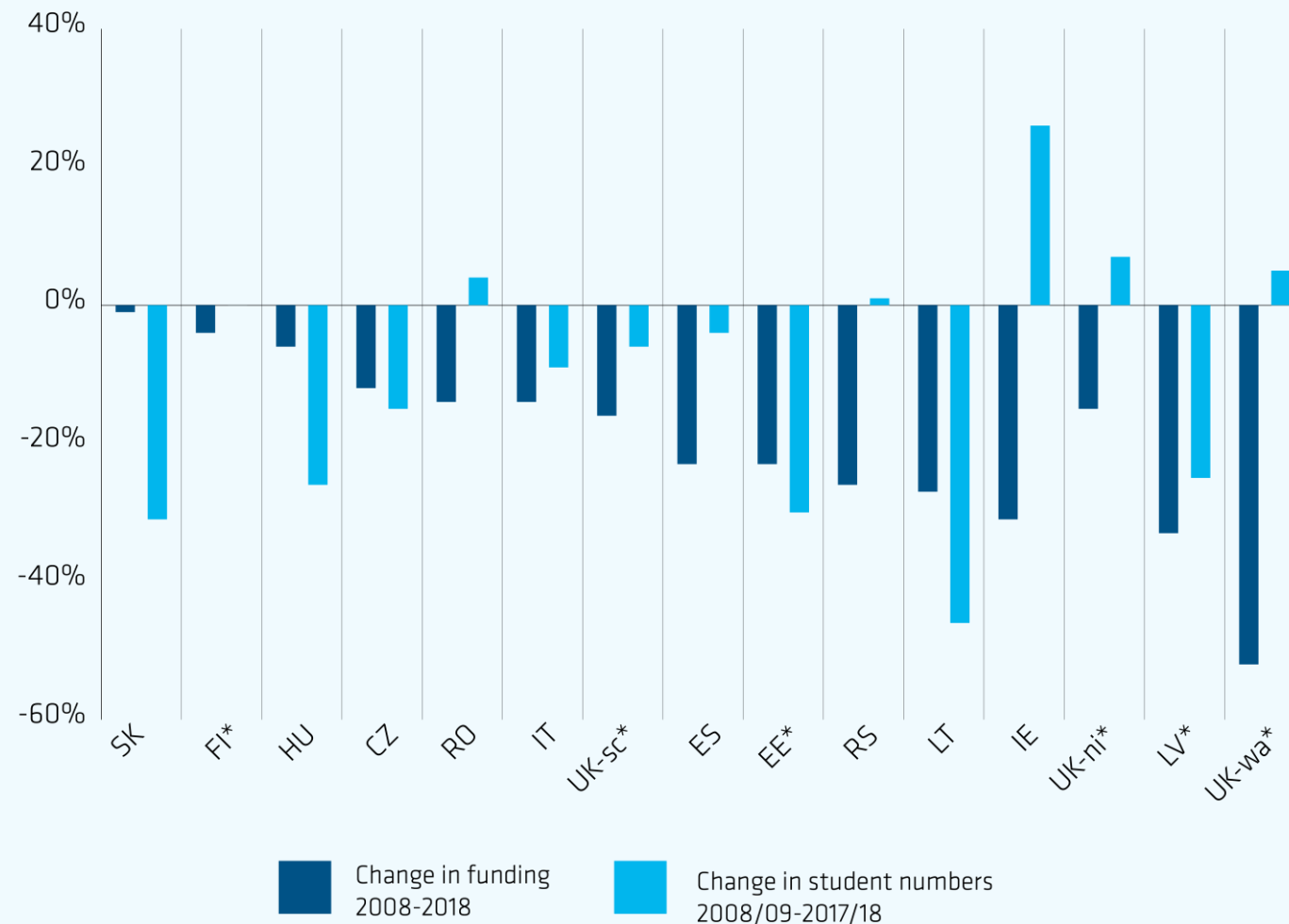
Pressures nevertheless vary significantly, with three extreme cases being Turkey (highest demographic pressure), Poland and Slovenia (declining student body).

### How to read this graph:

\*Shorter timeframes are used for LU (2009-2018); CH (2008-2016); BE-fr (2008-2017). Student numbers for TR are capped at 100% to enhance the readability of the graph. The actual figure is +222%, for students enrolled in public and private higher education institutions.



## 1.4.2 Systems with declining funding



The gravity of cuts in 15 systems varies with student enrolment numbers:

- 5 systems decreased funding to universities across the period 2008-2018, whilst student numbers increased.
- In 10 systems, both funding to universities and student numbers decreased in 2018 compared to 2008, with variations regarding the relative pace of funding cuts and demographic decline.

**How to read this graph:**

\* Shorter timeframes are used for EE (2008-2016), FI (2010-2016), LV (2008-2016), SI (2008-2017), UK-ni (2008-2017), UK-sc (2010-2017), UK-wa (2010-2017). For Finland, the change in student numbers over 2010/2017 was -0.3%.

## 1.4.3 Long-term financial and demographic pressures

Category	Description	Systems
Funding ↑ > Students ↑	Funding increase higher than student numbers growth	IS, NO, PT, SE
Funding ↑ < Students ↑	Funding increase lower than student numbers growth	AT, BE-nl, DE, DK, FR, HR, NL, TR, UK-en
Funding ↑ / Students ↓	Funding increase despite student decline	PL, SI
Funding ↓ / Students ↑	Disinvestment despite student growth	IE, RO, RS
Funding ↓ < Students ↓	Funding decline lower than student numbers decline	HU, LT, SK
Funding ↓ > Students ↓	Funding decline higher than student numbers decline	CZ, ES, IT

### How to read this graph:

This table captures different trends in public funding and student enrolment for 24 systems with complete datasets for the period 2008-2018. The following systems are not included in the analysis because of the incomplete datasets: BE-fr, CH, EE, FI, LU, LV, UK-ni, UK-sc, UK-wa.

Norway, Sweden and, since more recently, Iceland have been following a positive funding trajectory that helped this group of countries preserve their student/staff ratios. Portugal has gradually re-invested in the higher education sector since 2013, although the additional funds were largely used to cover for rising staff costs including social contributions.

The second group of systems are subject to higher pressure due to rising student numbers. Austria is a special case, as 2018 is the last year of a fixed three-year funding cycle marked by the flat funding growth and a minor increase in student numbers. Funding in Turkey fails to meet the challenge of massification of higher education.

Italy and Spain, as well as several Central and Eastern European countries, experience negative patterns both in terms of student enrolment and public funding. Poland is an exception to this trend, as it continues to invest in public universities to respond to brain drain and reducing student cohorts. Slovenia has been reinvesting for three years against a negative demographic background.

Ireland, Romania and Serbia have cut funds over the monitored period, while facing growing student populations.

# 1.5 Public funding to universities and GDP growth

Category	Description	Systems
Funding ↑ > GDP ↑	Investment higher than economic growth	AT, DE, DK, HR, IS, LU*, NL, NO, PT, SE, TR, CH*
Funding ↑ < GDP ↑	Investment lower than economic growth	FR, HU, PL, SI
Funding ↓ / GDP ↑	Disinvestment despite economic growth	CZ, EE*, ES, FI*, IE, LT, RO, RS, SK
Funding ↓ > GDP ↓	Disinvestment greater than economic decline	IT

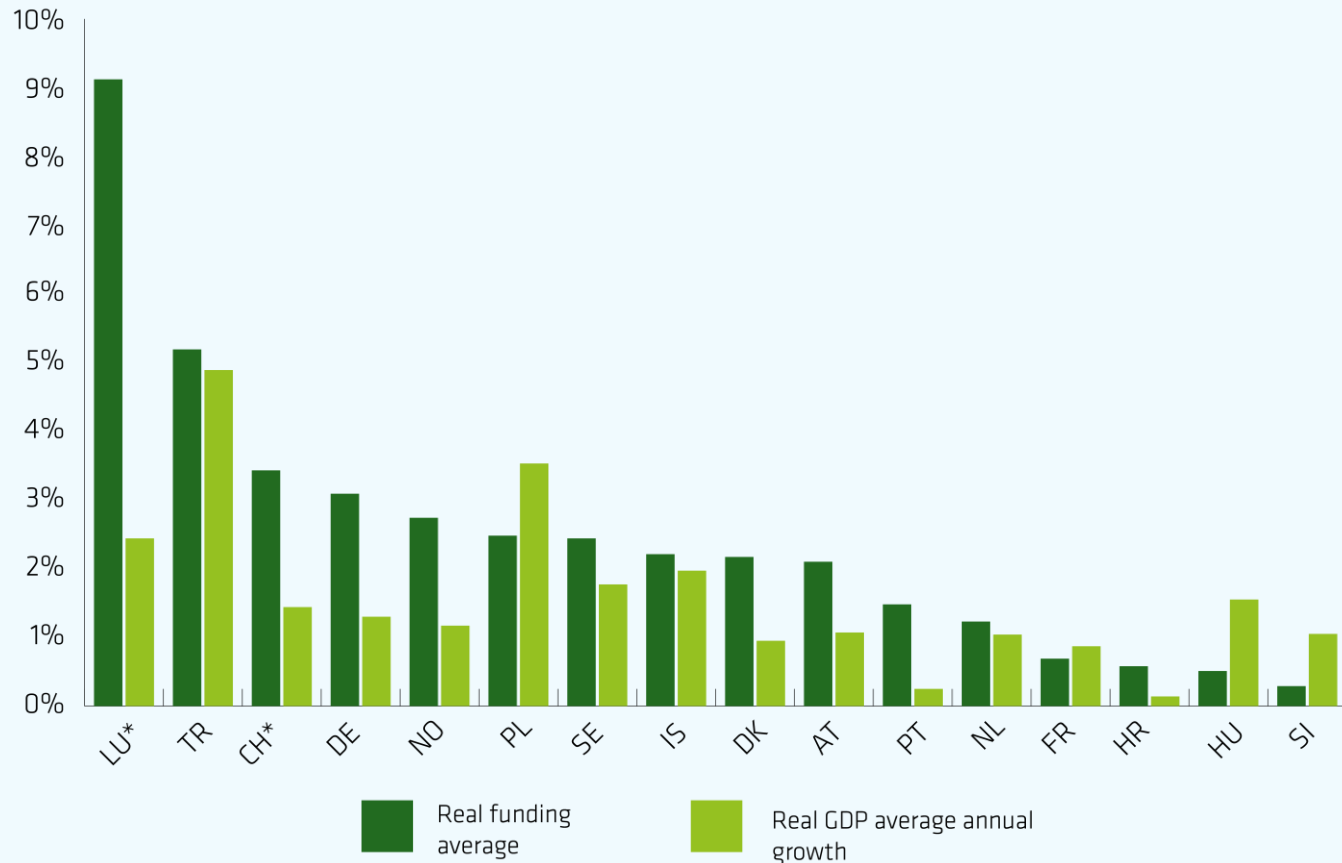
**How to read this graph:**

This graph compares the average annual funding growth rate to the average annual real GDP growth rate for the period 2008-2018. The following systems are not included in the analysis: BE-fr, BE-nl, UK-en, UK-ni, UK-sc, UK-wa. \*Shorter timeframes are used for CH (2008-2016); EE (2008-2017); FI (2010-2018); LU (2009-2018).

The country’s investment capacity is an important factor for the assessment of public funding changes over time. Comparing the average annual real GDP growth rate and the average annual funding growth over the period 2008-2018 makes it possible to identify some general patterns:

- 12 most ‘committed’ systems increased their investment in public universities at a larger scale than their average economic growth.
- 4 countries have some unused potential, as their investment level remains lower than GDP growth over the period.
- 9 systems reduced funding for universities despite the overall positive GDP growth. Although the picture is highly complex at the national level, this is a warning signal for the countries that may miss an opportunity to strengthen their knowledge economy.
- Italy is the only country characterised by funding cuts greater than the average negative annual economic growth over the period under review.

## 1.5.1 Public funding to universities and GDP growth: systems investing in universities



### How to read this graph:

This graph compares the average annual public funding to the average annual GDP growth (both in real terms) for 16 systems that increased public funding for universities in 2008-2018. \*Shorter timeframes are used for CH (2008-2016) and LU (2009-2018). The following systems are not included in the analysis: BE-fr, BE-nl, LV, UK-en, UK-ni, UK-sc, UK-wa.

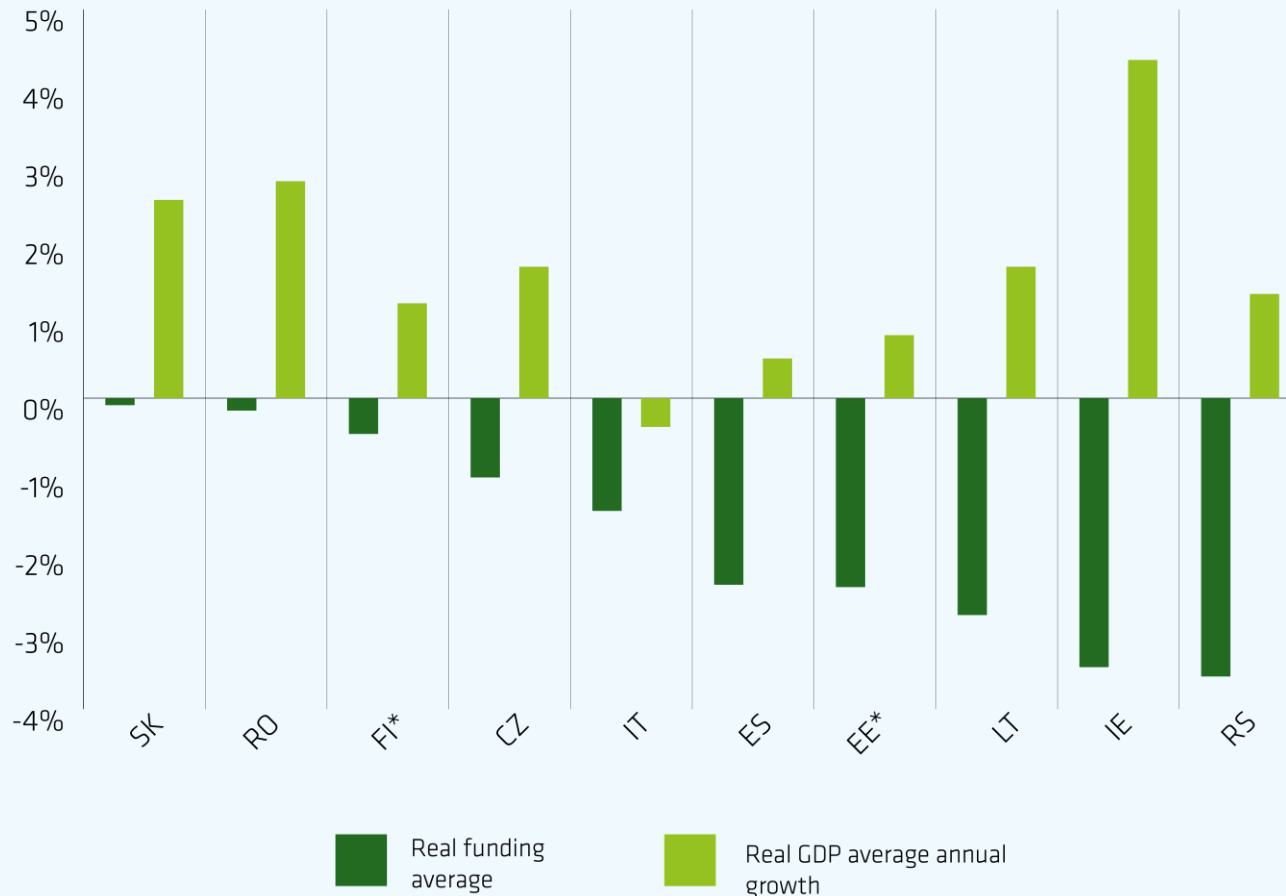
Countries such as Luxembourg, Switzerland, Germany, Norway, Austria and Denmark supported their universities at a significantly larger scale than the GDP growth in the period 2008-2018.

Croatia and Portugal are among the new members of this group. Both countries show an average positive annual economic growth.

Iceland and Slovenia have increased their investments in the higher education sector.

Among the countries with GDP growth rates larger than funding increases, both Poland and Hungary have some margin for manoeuvre to expand the sector's funding.

## 1.5.2 Public funding to universities and GDP growth: systems disinvesting in universities



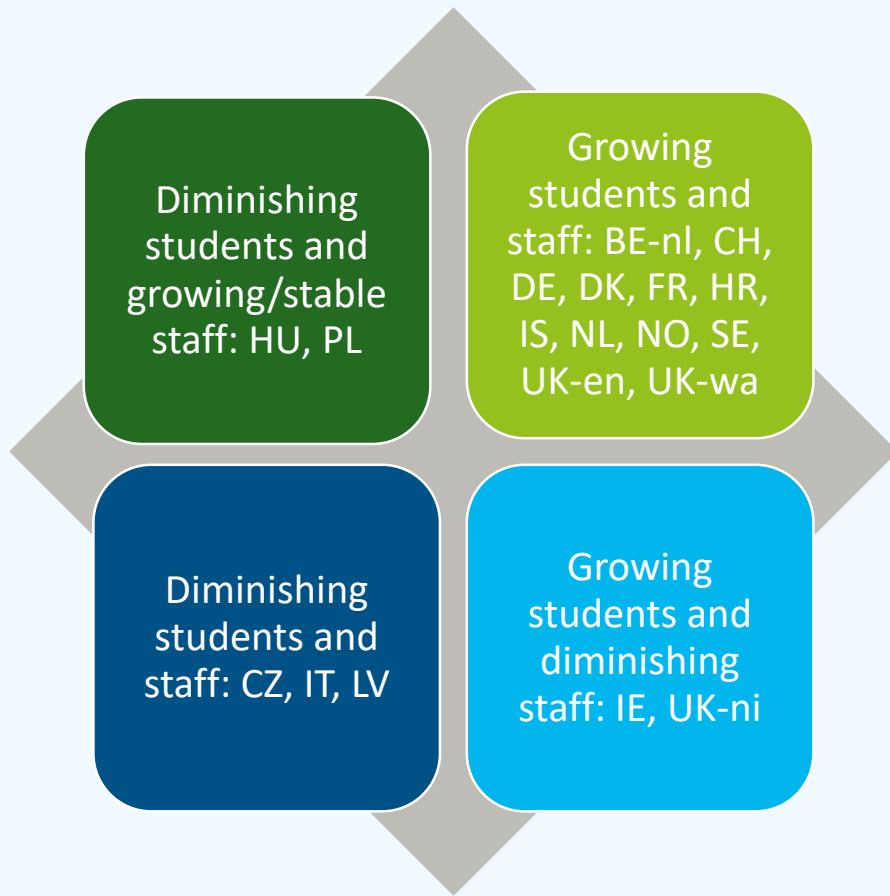
Several countries including Czech Republic, Ireland, Romania and Slovakia, reduced funding for universities despite the significant average GDP growth. This trend points to some possibilities for corrective measures in the coming years.

Italy is the only country that continues to register a negative average annual economic growth combined with the negative real funding average in the period 2008-2018.

### How to read this graph:

This graph compares the average annual public funding to the average annual GDP growth (both in real terms) for 10 systems that reduced public funding for universities in 2008-2018. \*Shorter timeframes are used for EE (2008/2017) and FI (2010/2018). The following systems are not included in the analysis : BE-fr, BE-nl, UK-en, LV, UK-ni, UK-sc, UK-wa.

## 1.6 Long-term developments in university staff



### How to read this graph:

This graph presents different groups of systems according to the changes in the number of students and staff (academic and non-academic) from 2008/09 to 2017/18. It includes 19 systems with the complete staff and student datasets for the period 2008/09 to 2017/18.

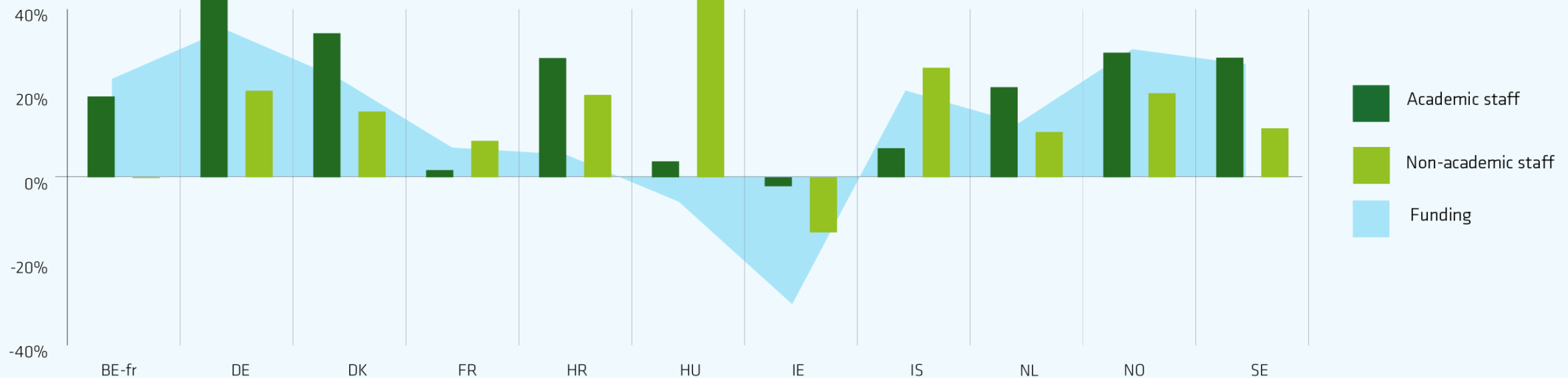
The financial and demographic pressures are reflected in the student/staff ratio. Given the varying scope of the data collected, no direct estimates of student/staff ratios can be made. Nevertheless, comparing the evolution of student numbers and staff can help detect certain trends across Europe.

The situation remains challenging for Irish and Northern-Irish universities that experience growing student numbers but had to reduce staff.

Conversely, Hungarian universities have registered an increase in the number of employees (mostly non-academic staff) despite the diminishing student body, while Poland maintains a stable university workforce in a similarly negative demographic context.

# 1.7 Staff numbers against public funding

Staff changes broadly correspond to the funding patterns in France and Norway. Among those systems that invest in staff at a higher rate than public funding growth are Croatia (all staff), Denmark, Germany and the Netherlands (for academic staff). Hungary (non-academic staff) records increased staff numbers in a context of lower funding. In Belgium’s French-speaking Community, public funding grows considerably faster than staff numbers. In some cases, the effort is entirely focused on (or significantly higher for) academic staff. Hungary is an exception with an investment focusing on non-academic staff. Croatia and Norway display more coherent growth of both staff categories. Difficult financial conditions in Ireland have primarily affected non-academic staff.



### How to read this graph:

This graph provides some indications for changes in the number of academic and administrative staff against the backdrop of the evolving public funding for 11 systems with the complete datasets for the period 2008/09-2018/19.

## Part 2 Short-term trends in funding to universities

This chapter provides the overview of the most recent university funding trends in Europe. It explores the short-term trajectories of total direct public funding to universities, allocated over the last two years, and investigates their impact on various university activity areas.





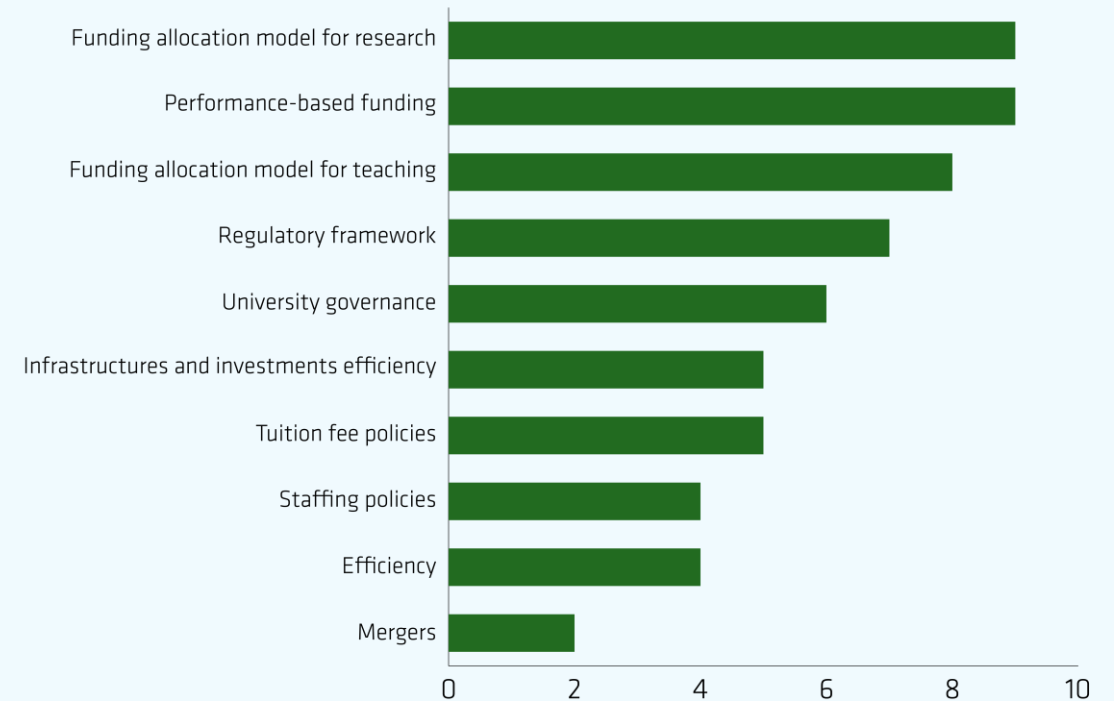
## 2.1 Topics for discussion and reform in 2019

In total, 19 systems provided additional qualitative information on the current topics of discussion or reform. Performance-based funding (PBF) and funding allocation models are among the most common topics on the agenda.

PBF mechanisms were re-organised in Austria in 2018 as part of a bigger funding reform and changes are also implemented in Ireland. In Norway performance contracts are expected to be introduced in 2020-2021. The debate in Poland is focused on the implementation of the newly adopted Act on Higher Education and Science, particularly, with regard to research performance assessment.

Denmark is reforming the funding allocation model for teaching in 2019 and the discussion is ongoing to put in place a new funding model for research. The share of block grant and project funding in the research funding model is also currently debated in Estonia.

France is drafting new legislation introducing a multiannual research funding system starting 2021. The Dutch government has changed the funding allocation for research and for teaching and shifted some funding for research funds from the competitive to core public sources. Starting 2021 funding allocation for teaching will be less dependent on student numbers.



<b>Funding allocation model for research</b>	AT, BE-nl, CZ, DK, EE, FR, NL, RS, SE
<b>Funding allocation model for teaching</b>	AT, CZ, DK, IE, NL, RO, SE, UK-wa
<b>Performance-based funding</b>	AT, BE-nl, DK, IE, NO, PL, PT, RO, SE
<b>Tuition fee policies</b>	IE, FR, RO, PT, UK-wa
<b>Staffing policies</b>	CZ, IE, IT, RO
<b>Infrastructures and investments efficiency</b>	CH, CZ, NO, SE, UK-sc
<b>Efficiency</b>	CZ, IE, NO, RO
<b>Regulatory framework</b>	AT, DK, IE, NO, PL, SE, UK-en
<b>University governance</b>	CZ, EE, IE, PL, RO, SE
<b>Mergers</b>	IE, RO

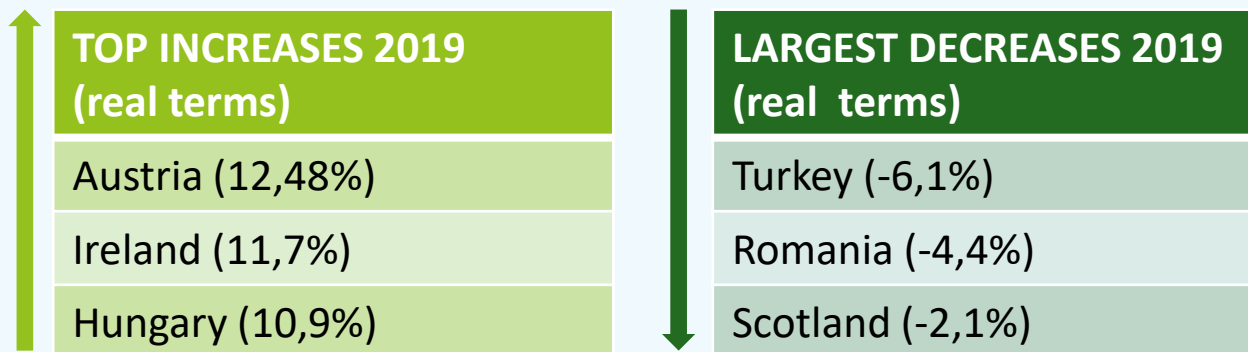
## 2.2 Public investment in universities from 2018 to 2019

The funding trend was generally positive in 2019. Only five systems had lower levels of investment in real terms compared to 2018.

Austria has started a new three-year funding period with a strong financial commitment to the sector. Ireland and Hungary are among two other top investors in 2019. Croatia, Czech Republic, Iceland, Lithuania and Serbia made moderately high investments last year.

In Turkey, the 8% nominal increase in funding translated into a 5% cut in real terms due to the high inflation rate.

> 10% increase	AT, HU, IE
5% to 10% increase	CZ, HR, IS, LT, RS
1 to 5% increase	ES, NL, NO, PT
-1% to +1% change	BE-fr, FI
-1% to -5% decrease	RO, SE, SK, UK-sc
-5% to -10% decrease	TR
No data	BE-nl, CH, DE, DK, EE, FR, GR, IT, LU, LV, PL, SI, UK-en, UK-ni, UK-wa



### How to read the graphs:

The upper graph shows changes in real public funding in 2019 compared to 2018. The analysis was performed for 19 out of 34 higher education systems that provided funding data for 2019.

Two lower graphs refer to the top 3 countries in terms of the magnitude of nominal and real funding changes in 2018-2019.

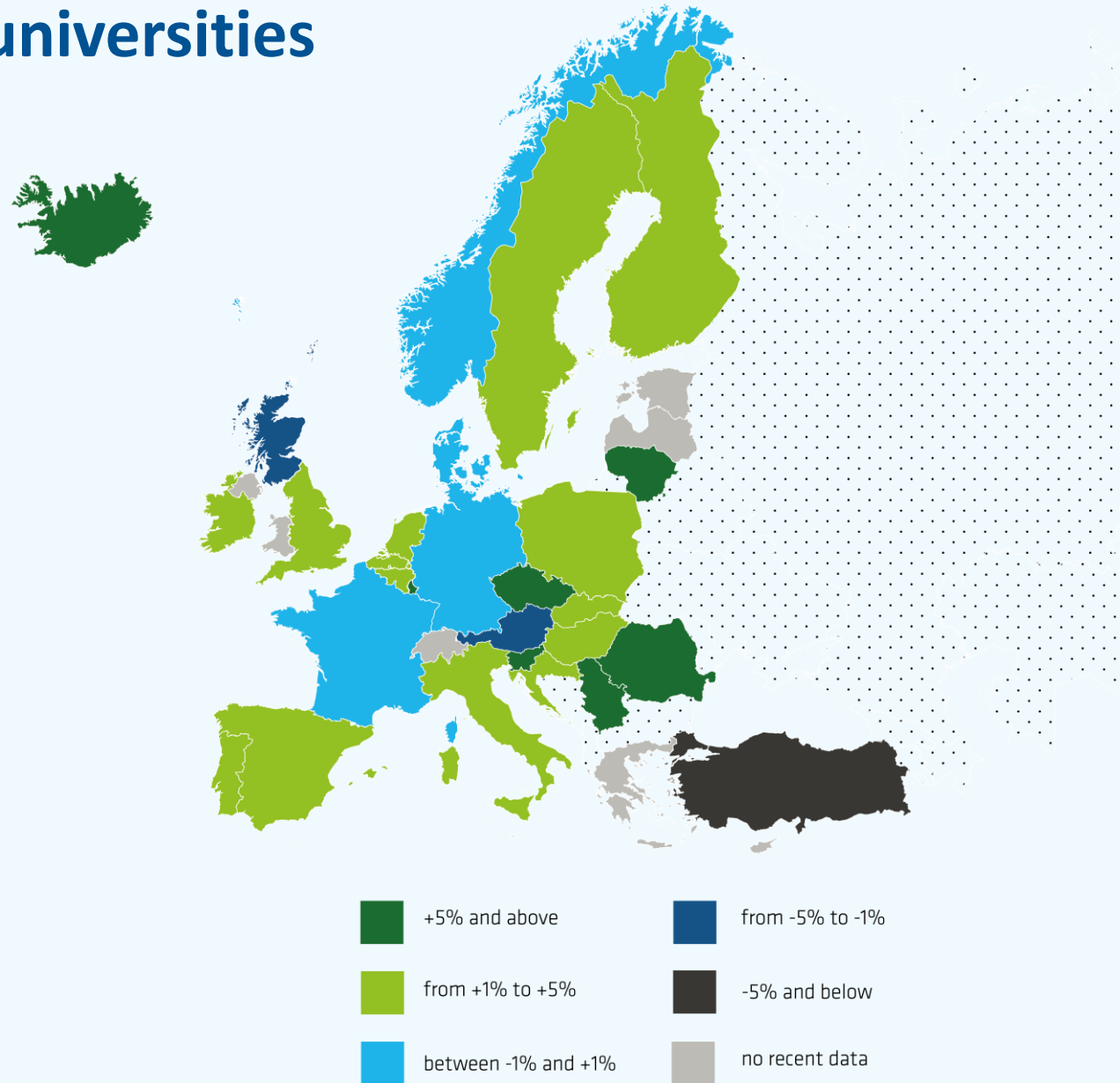
## 2.3 Evolution of public funding to universities from 2017 to 2018

Considering that the 2019 funding data was only available for a limited number of systems under review, additional analysis was performed on the basis of the 2017-2018 funding data in real terms.

Only two systems, namely Turkey and Scotland were exposed to the negative funding trend in 2017-2018. The decrease in Austria had a technical nature, as 2018 was the last year of the country's three-year funding cycle.

The largest investments in real terms took place in Romania and Czech Republic as well as in Iceland which registered in 2018 its second best, two-digit funding increase since 2008.

Further improvements were detected in Lithuania, which had its largest funding increase since 2008, and in Croatia sticking to the positive trajectory for three consecutive years. Ireland registered some positive funding growth for the second year in a row. Serbia made some significant investments in 2017-2018 following several years of significant decline.



## 2.4 Short-term funding trends from 2017 to 2018

**Relative stagnation** characterises the situation in the northwest of Europe. In 2018 funding volumes remained almost unchanged in Belgium's French-speaking Community, Denmark, Germany, France and Norway. Flanders, the Netherlands and Sweden made more noticeable investments following some years of flat or minor negative growth. Portugal's investment effort remained limited as well in 2018.

Luxembourg remained at the **forefront** of the sample with yet another year of increase.

**Signs of recovery** could be detected in the Balkans and in Central Europe. Croatia, Czech Republic, Hungary, Lithuania, Romania, Serbia, Slovakia and Slovenia show some positive developments. Poland was back to re-investment after two years of stagnation. Similarly, Ireland had been on a positive track for two years although the applied increases were insufficient to close the accumulated funding gap. Finland, Italy and Spain as well as England and Wales also demonstrated some limited but positive dynamics in 2018 which still need to be consolidated in order for these countries to compensate for the previous cuts.

Turkey is the only country that was subject to a significant 7% decrease in real terms as the country's high inflation rate absorbed the 7% growth in nominal terms.






## 2.5 Impacted areas in 2019

The most recent analysis of the impact of funding changes on various areas of university's work reconfirms several trends detected in the previous Public Funding Observatory report.

Both research and teaching continued to benefit from some re-investment in 2019. In 7 systems, additional funds were allocated for both teaching and research. Two systems (England and Sweden) prioritised support for research and 3 others (Hungary, Romania and Wales) gave preference to teaching.

A more positive trend has also emerged for staff and infrastructure. Compared to 2018, investment in infrastructure improved in Ireland, Serbia, Spain and Turkey. The Czech Republic also improved, for the second year in a row, its financial support for staff. The positive impact of funding increases on Dutch research and teaching can only be felt in nominal terms. It is also undermined by the fact that in the Netherlands the student numbers are growing faster than the public funding.

The lack of investment still negatively affects the state of infrastructure in England and Scotland. In addition, these two systems suffer from the negative impact of funding changes on research and teaching. Denmark also reported some pressures on teaching which might be due to the country's flat funding curve exacerbated by the rapidly growing student numbers.

Funding 	Research 	Teaching 	Staff 	Infrastructure 
<b>Positive impact</b>	BE-nl, CZ, IE, NL, RS, SE, SK, TR, UK-en	BE-nl, CZ, HU, IE, NL, RO, RS, SK, TR, UK-wa	CZ, HU, RO, RS, SK, TR	ES, IE, TR, RS
<b>No impact</b>	DK, FR, HU, IS, RO, SE	ES, FR, IS, SE	BE-nl, DK, ES, FR, IE, IS, SE	BE-nl, CZ, FR, HU, IS, RO, SE, SK
<b>Negative impact</b>	ES, UK-sc	DK, UK-en, UK-sc		UK-en, UK-sc

### How to read this graph:

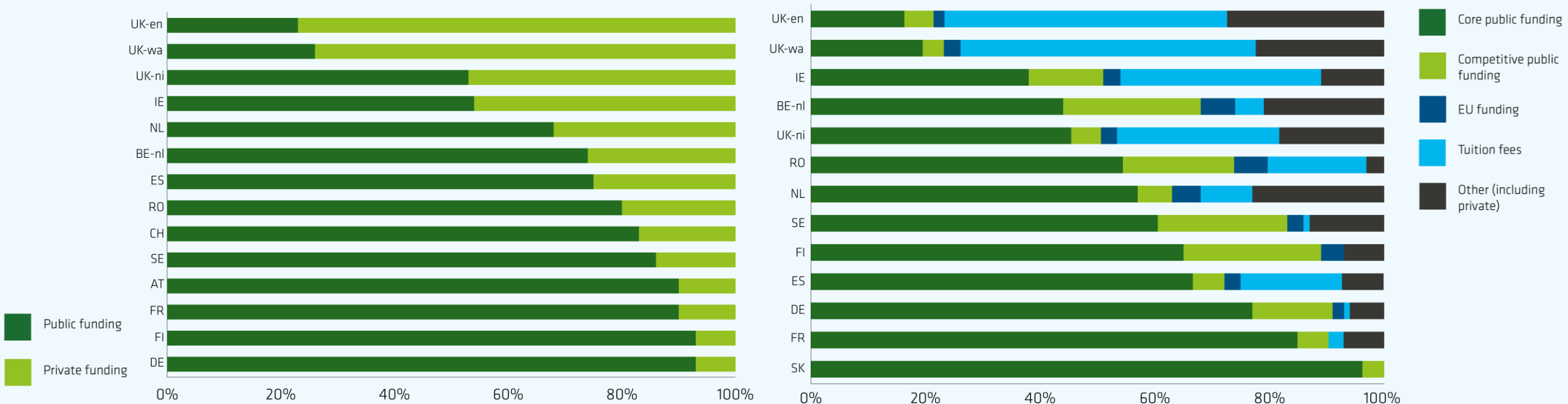
This graph shows the impact of funding changes on various areas of university activity in 17 higher education systems that provided the related qualitative data in 2019.

## 2.6 Funding mix: public vs private funding

In addition to core public funding data captured by the Public Funding Observatory, 16 systems provided further information about public and private sources of funding for the present report. The graphs provide a basic overview of the funding mix in these systems considering that they have different ways of recording the related data.

England, Northern Ireland and Wales have the biggest shares of private funding which includes large parts of tuition fees that in turn contain publicly subsidised student loans provided to Home and EU undergraduate students. A significant part of such loans is expected to represent a long-term cost to government. In these systems and also in Ireland, fees account for 30 to 50% of funding. England and Wales have the largest shares of other funding which includes private investment, which is also the case in the Netherlands.

Germany, Finland, France and Austria are on the other side of the spectrum with the biggest shares of public funding. In Finland, Flanders and Sweden the percentage of competitive public funding is particularly high.



## 2.7 Finances and rules of future EU funding programmes

The year 2019 marked the launch of negotiations on the financial and implementation modalities of the new EU funding programmes for research and higher education (2021-2027).

The EU budget has been under pressure on various sides. With Brexit the EU has lost a big net payer and in addition, member states have varied positions on the scale of EU spendings and key priorities for investment.

While the final figures are still being negotiated, there is a risk that financially Horizon Europe remains at the level of Horizon 2020 in real terms. This raises the question of the capacity to complete additional missions and goals assigned to the new programme.

In this context, not only is it important to secure more ambitious funding for Horizon Europe and Erasmus+, but also to ensure greater efficiency of the EU funding programmes to make best use of the existing funds.

This can be achieved among others through a better alignment of EU and national rules based on a broader acceptance of beneficiaries' accounting practices, a more flexible Model Grant Agreement offering a wide array of options catering for the needs of different beneficiaries as well as more efficient and effective audit processes.

### Application

**~88%**

H2020 proposals remain unfunded

### Participation

**750 pages**

H2020 Annotated Model Grant Agreement

### Reporting

**5x > costly**

EU audits are 5 times more expensive for beneficiaries than national audits

**Ca. €9 billion**

Spent by beneficiaries on successful H2020 proposals

**Ca. €12 billion**

Beneficiaries' co funding for ca. 25k signed grants

**~3.3%**

2018 estimated error rate

**Ca. €5 billion**

Spent by universities

**€0.5 million**

Beneficiaries' average co funding per project

**4 in 10**

Projects risk to possess a systemic error

### How to read this graph:

The graph shows the 'hidden' cost of participation for beneficiaries in Horizon 2020. The data was sourced from Horizon 2020 dashboard statistics, ECA Annual Reports and EUA's own calculations. Calculations were made on the basis of data retrieved from the Horizon 2020 dashboard on 01/11/2019.

# Key messages

**1** **Across the span of time between 2008 and 2018**, three types of trends can be distinguished: sustained growing funding, declining patterns, and improving patterns. These trends should be considered in connection to student growth, a key element to assess the type of pressure universities are facing.

Few countries invest at a rate that allows to preserve student/staff ratios. Out of 18 systems that have higher funding in the long term, only eight have a funding growth that exceeds student enrolment growth.

**2**

**3** 15 systems still had lower levels of direct public funding in the long run, with five of them experiencing larger student cohorts.

Since 2012, there have been fewer systems with accumulated funding cuts. The last three years confirm this positive trend.

**4**

**5** The investment effort can be also approached in connection to GDP growth. In total, nine countries fail to re-invest in universities even though positive GDP growth suggests this would be possible.



# Key messages

6

**Over the short term,** the year 2019 appears mostly positive. The signs of recovery can be detected in different parts of Europe.

Relative stagnation of funding levels still characterises a large number of systems, including those that previously sustained a relatively ambitious funding strategy and those that have maintained more modest funding curves.

7

8

More systems invest additional funds in teaching and research, while investments linked to staffing policies and management of infrastructures also grow in several countries. Cost increases linked to pay agreements and social contributions sometimes absorb new investments in the sector.

Performance-based funding and funding allocation models for research and teaching are among the hot topics discussed in at least nine systems at the current stage.

9

10

While the financial and implementation modalities of the new EU funding programmes are being negotiated, the issues of efficiency and effectiveness supporting simplification should remain at the core of the debate.

# Higher education systems - codes

Austria	AT
Belgium – Flanders	BE-nl
Belgium – French-speaking community	BE-fr
Croatia	HR
Czech Republic	CZ
Denmark	DK
Estonia	EE
Finland	FI
France	FR
Germany	DE
Greece	GR
Hungary	HU
Iceland	IS
Ireland	IE
Italy	IT
Latvia	LV
Lithuania	LT

Luxembourg	LU
Netherlands	NL
Norway	NO
Poland	PL
Portugal	PT
Serbia	RS
Slovakia	SK
Slovenia	SI
Spain	ES
Sweden	SE
Switzerland	CH
Turkey	TR
UK-England	UK-en
UK-Northern Ireland	UK-ni
UK-Scotland	UK-sc
UK-Wales	UK-wa

# Resources

- EUA Public Funding Observatory online tool
- EUA Public Funding Observatory country sheets 2019
- EUA Public Funding Observatory methodological note

## All available here:

<http://efficiency.eua.eu/public-funding-observatory>

## For additional information, please contact:

Governance, Funding and Public Policy Development Unit  
[funding@eua.eu](mailto:funding@eua.eu)



The European University Association (EUA) is the representative organisation of universities and national rectors' conferences in 48 European countries. EUA plays a crucial role in the Bologna Process and in influencing EU policies on higher education, research and innovation. Thanks to its interaction with a range of other European and international organisations, EUA ensures that the independent voice of European universities is heard wherever decisions are being taken that will impact their activities.

The Association provides a unique expertise in higher education and research, as well as a forum for exchange of ideas and good practice among universities. The results of EUA's work are made available to members and stakeholders through conferences, seminars, websites and publications.

[www.EUA.eu](http://www.EUA.eu) | [@euatweets](https://twitter.com/euatweets)

Subscribe to our newsletters: <http://bit.ly/SubscribeEUANewsletters>